

ASSEMBLY BILL

No. 1392

Introduced by Committee on Utilities and Commerce (Bradford (Chair), Fletcher (Vice Chair), Buchanan, Fong, Fuentes, Furutani, Gorell, Roger Hernández, Huffman, Ma, Nestande, Skinner, and Swanson)

February 23, 2011

An act to amend Section 2851 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1392, as introduced, Committee on Utilities and Commerce. Energy: California Solar Initiative.

Under existing law, the Public Utilities Commission (CPUC) has regulatory authority over public utilities, including electrical corporations, as defined. Decisions of the CPUC adopted the California Solar Initiative. Existing law requires the CPUC to undertake certain steps in implementing the California Solar Initiative and authorizes the CPUC to develop a time-variant tariff that creates the maximum incentive for ratepayers to install solar energy systems so that the system's peak electricity production coincides with peak electricity demands and that assures that ratepayers receive due value for their contribution to the purchase of the system and customers with systems continue to have an incentive to use electricity efficiently. In developing the time-variant rate, the CPUC is authorized to exclude customers from a freeze on residential electricity rates adopted during the electricity crisis of 2000–01, which rate freeze has since been removed and replaced.

This bill would delete that authorization.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 2851 of the Public Utilities Code is
2 amended to read:
3 2851. (a) In implementing the California Solar Initiative, the
4 commission shall do all of the following:
5 (1) The commission shall authorize the award of monetary
6 incentives for up to the first megawatt of alternating current
7 generated by solar energy systems that meet the eligibility criteria
8 established by the State Energy Resources Conservation and
9 Development Commission pursuant to Chapter 8.8 (commencing
10 with Section 25780) of Division 15 of the Public Resources Code.
11 The commission shall determine the eligibility of a solar energy
12 system, as defined in Section 25781 of the Public Resources Code,
13 to receive monetary incentives until the time the State Energy
14 Resources Conservation and Development Commission establishes
15 eligibility criteria pursuant to Section 25782. Monetary incentives
16 shall not be awarded for solar energy systems that do not meet the
17 eligibility criteria. The incentive level authorized by the
18 commission shall decline each year following implementation of
19 the California Solar Initiative, at a rate of no less than an average
20 of 7 percent per year, and shall be zero as of December 31, 2016.
21 The commission shall adopt and publish a schedule of declining
22 incentive levels no less than 30 days in advance of the first decline
23 in incentive levels. The commission may develop incentives based
24 upon the output of electricity from the system, provided those
25 incentives are consistent with the declining incentive levels of this
26 paragraph and the incentives apply to only the first megawatt of
27 electricity generated by the system.
28 (2) The commission shall adopt a performance-based incentive
29 program so that by January 1, 2008, 100 percent of incentives for
30 solar energy systems of 100 kilowatts or greater and at least 50
31 percent of incentives for solar energy systems of 30 kilowatts or
32 greater are earned based on the actual electrical output of the solar
33 energy systems. The commission shall encourage, and may require,
34 performance-based incentives for solar energy systems of less than
35 30 kilowatts. Performance-based incentives shall decline at a rate

1 of no less than an average of 7 percent per year. In developing the
2 performance-based incentives, the commission may:

3 (A) Apply performance-based incentives only to customer
4 classes designated by the commission.

5 (B) Design the performance-based incentives so that customers
6 may receive a higher level of incentives than under incentives
7 based on installed electrical capacity.

8 (C) Develop financing options that help offset the installation
9 costs of the solar energy system, provided that this financing is
10 ultimately repaid in full by the consumer or through the application
11 of the performance-based rebates.

12 (3) By January 1, 2008, the commission, in consultation with
13 the State Energy Resources Conservation and Development
14 Commission, shall require reasonable and cost-effective energy
15 efficiency improvements in existing buildings as a condition of
16 providing incentives for eligible solar energy systems, with
17 appropriate exemptions or limitations to accommodate the limited
18 financial resources of low-income residential housing.

19 (4) Notwithstanding subdivision (g) of Section 2827, the
20 commission may develop a time-variant tariff that creates the
21 maximum incentive for ratepayers to install solar energy systems
22 so that the system's peak electricity production coincides with
23 California's peak electricity demands and that assures that
24 ratepayers receive due value for their contribution to the purchase
25 of solar energy systems and customers with solar energy systems
26 continue to have an incentive to use electricity efficiently. ~~In~~
27 ~~developing the time-variant tariff, the commission may exclude~~
28 ~~customers participating in the tariff from the rate cap for residential~~
29 ~~customers for existing baseline quantities or usage by those~~
30 ~~customers of up to 130 percent of existing baseline quantities, as~~
31 ~~required by Section 80110 of the Water Code.~~ Nothing in this
32 paragraph authorizes the commission to require time-variant pricing
33 for ratepayers without a solar energy system.

34 (b) Notwithstanding subdivision (a), in implementing the
35 California Solar Initiative, the commission may authorize the award
36 of monetary incentives for solar thermal and solar water heating
37 devices, in a total amount up to one hundred million eight hundred
38 thousand dollars (\$100,800,000).

39 (c) (1) In implementing the California Solar Initiative, the
40 commission shall not allocate more than fifty million dollars

1 (\$50,000,000) to research, development, and demonstration that
2 explores solar technologies and other distributed generation
3 technologies that employ or could employ solar energy for
4 generation or storage of electricity or to offset natural gas usage.
5 Any program that allocates additional moneys to research,
6 development, and demonstration shall be developed in
7 collaboration with the Energy Commission to ensure there is no
8 duplication of efforts, and adopted by the commission through a
9 rulemaking or other appropriate public proceeding. Any grant
10 awarded by the commission for research, development, and
11 demonstration shall be approved by the full commission at a public
12 meeting. This subdivision does not prohibit the commission from
13 continuing to allocate moneys to research, development, and
14 demonstration pursuant to the self-generation incentive program
15 for distributed generation resources originally established pursuant
16 to Chapter 329 of the Statutes of 2000, as modified pursuant to
17 Section 379.6.

18 (2) The Legislature finds and declares that a program that
19 provides a stable source of monetary incentives for eligible solar
20 energy systems will encourage private investment sufficient to
21 make solar technologies cost effective.

22 (3) On or before June 30, 2009, and by June 30th of every year
23 thereafter, the commission shall submit to the Legislature an
24 assessment of the success of the California Solar Initiative program.
25 That assessment shall include the number of residential and
26 commercial sites that have installed solar thermal devices for which
27 an award was made pursuant to subdivision (b) and the dollar value
28 of the award, the number of residential and commercial sites that
29 have installed solar energy systems, the electrical generating
30 capacity of the installed solar energy systems, the cost of the
31 program, total electrical system benefits, including the effect on
32 electrical service rates, environmental benefits, how the program
33 affects the operation and reliability of the electrical grid, how the
34 program has affected peak demand for electricity, the progress
35 made toward reaching the goals of the program, whether the
36 program is on schedule to meet the program goals, and
37 recommendations for improving the program to meet its goals. If
38 the commission allocates additional moneys to research,
39 development, and demonstration that explores solar technologies
40 and other distributed generation technologies pursuant to paragraph

1 (1), the commission shall include in the assessment submitted to
2 the Legislature, a description of the program, a summary of each
3 award made or project funded pursuant to the program, including
4 the intended purposes to be achieved by the particular award or
5 project, and the results of each award or project.

6 (d) (1) The commission shall not impose any charge upon the
7 consumption of natural gas, or upon natural gas ratepayers, to fund
8 the California Solar Initiative.

9 (2) Notwithstanding any other provision of law, any charge
10 imposed to fund the program adopted and implemented pursuant
11 to this section shall be imposed upon all customers not participating
12 in the California Alternate Rates for Energy (CARE) or family
13 electric rate assistance (FERA) programs as provided in paragraph
14 (2), including those residential customers subject to the rate cap
15 required by Section 80110 of the Water Code for existing baseline
16 quantities or usage up to 130 percent of existing baseline quantities
17 of electricity.

18 (3) The costs of the program adopted and implemented pursuant
19 to this section may not be recovered from customers participating
20 in the California Alternate Rates for Energy or CARE program
21 established pursuant to Section 739.1, except to the extent that
22 program costs are recovered out of the nonbypassable system
23 benefits charge authorized pursuant to Section 399.8.

24 (e) In implementing the California Solar Initiative, the
25 commission shall ensure that the total cost over the duration of the
26 program does not exceed three billion three hundred fifty million
27 eight hundred thousand dollars (\$3,350,800,000). The financial
28 components of the California Solar Initiative shall consist of the
29 following:

30 (1) Programs under the supervision of the commission funded
31 by charges collected from customers of San Diego Gas and Electric
32 Company, Southern California Edison Company, and Pacific Gas
33 and Electric Company. The total cost over the duration of these
34 programs shall not exceed two billion one hundred sixty-six million
35 eight hundred thousand dollars (\$2,166,800,000) and includes
36 moneys collected directly into a tracking account for support of
37 the California Solar Initiative and moneys collected into other
38 accounts that are used to further the goals of the California Solar
39 Initiative.

1 (2) Programs adopted, implemented, and financed in the amount
2 of seven hundred eighty-four million dollars (\$784,000,000), by
3 charges collected by local publicly owned electric utilities pursuant
4 to Section 387.5. Nothing in this subdivision shall give the
5 commission power and jurisdiction with respect to a local publicly
6 owned electric utility or its customers.

7 (3) Programs for the installation of solar energy systems on new
8 construction, administered by the State Energy Resources
9 Conservation and Development Commission pursuant to Chapter
10 8.6 (commencing with Section 25740) of Division 15 of the Public
11 Resources Code, and funded by nonbypassable charges in the
12 amount of four hundred million dollars (\$400,000,000), collected
13 from customers of San Diego Gas and Electric Company, Southern
14 California Edison Company, and Pacific Gas and Electric Company
15 pursuant to Article 15 (commencing with Section 399).